

Los Angeles Times

## Housing secretary backs Homeowner Bill of Rights in Los Angeles

By Alejandro Lazo

May 2, 2012 7:01 p.m.

Passing a Homeowner Bill of Rights for California borrowers is a crucial step toward preventing future foreclosure abuses, federal housing chief Shaun Donovan said as he toured South Los Angeles neighborhoods ravaged by the housing bust.

California is expected to receive the largest chunk of a historic \$25-billion mortgage settlement reached this year with the nation's five biggest banks. But Donovan said that in order to make reforms reached in that agreement permanent, state legislators must pass a series of bills backed by California Atty. Gen. Kamala D. Harris, who negotiated on behalf of the Golden State.

"We cannot let homeowners suffer in the way that we found in our investigations," Donovan said Tuesday, speaking at the FAME Assistance Corp., an economic development agency in South Los Angeles. "Because foreclosures and other processes around homeownership are directed by state law, it is critical that a Homeowner Bill of Rights move forward."

The series of bills backed by Harris would restrict practices such as foreclosing on homeowners as they try to negotiate a loan modification and mandate that banks designate a single person to work with troubled borrowers. Opposing the bills are mortgage bankers and the general business community, The Times has reported. Similar efforts in the past have failed.

Earlier in the day, Donovan, secretary of the U.S. Department of Housing and Urban Development, toured the Broadway-Manchester neighborhood of South Los Angeles with Rep. Maxine Waters (D-Los Angeles), including a stop at a home that had been revitalized by the city using federal money.

With a new roof, exterior and freshly painted purple doors, the two-bedroom, one-bathroom dwelling was once in severe disrepair after being foreclosed on. Property records show it was purchased last year for \$160,000 by Restore Neighborhoods LA Inc., a nonprofit created by the

city's housing agency to use federal funds for purchasing, rehabilitating, marketing and selling foreclosed homes in hard-hit areas.

The home also had recycled bamboo floors, double-pane windows and a number of energy-saving features. It will go on the market next week for about \$185,000. Taxpayers will not be recouping their full investment, as rehabilitation efforts took the total cost of the project to \$302,00, said John Perfitt, executive director of Restore Neighborhoods LA.

The home will be marketed to low- and moderate-income families who qualify. While touring the home, Donovan told Waters that in areas targeted by the federal program the number of vacant homes is declining and, in a majority of neighborhoods, home prices are rebounding.

"It's not just the jobs," he said. "It really has begun to turn the market around."

Housing data shows that the turnaround has not quite come for the 90003 ZIP Code, where the home is. As of March, values had fallen about 27% from a year earlier. A total of 19 homes sold in March with a median price of \$125 per square foot, according to real estate research firm DataQuick of San Diego.

# LA Times

## Editorial

### Fixing the mortgage mess

**The financial industry is objecting to state bills extending safeguards to all California mortgage holders. Legislators should ensure troubled borrowers get the necessary protections.**

May 2, 2012

The housing market's boom and bust exposed stunning flaws in the housing finance system, from lax underwriting to sloppy record-keeping to incompetent loan servicing. California Atty. Gen. Kamala Harris is pushing lawmakers to incorporate some of the lessons learned into a new state law governing foreclosures, but lenders are resisting, arguing that the mortgage meltdown was just a "temporary" crisis that doesn't justify a permanent change in law. That's wishful thinking, and legislators should give troubled borrowers more protection against lenders' procedural shortcuts.

The dispute focuses on Harris-backed bills related to the settlement that five major national banks reached in February with 49 state attorneys general and the federal government. In addition to providing more than \$20 billion worth of relief for borrowers, the settlement requires the five banks to take more steps to avert foreclosures when it's in their financial interests to do so.

The bills would extend similar procedural safeguards to all California mortgage holders, including banning a lender from moving ahead with foreclosure filings while a borrower is still being considered for a loan modification. They would also hold lenders more accountable for maintaining clear loan ownership records and other important documents involved in foreclosures.

A coalition of financial-industry and business trade groups have objected, arguing that while the settlement's terms are temporary and apply to only five banks, the bills' changes would be permanent and universal. But slipshod practices and record-keeping lapses that cause needless losses for borrowers and lenders won't be any more acceptable after the settlement expires than they are now.

The coalition also objects to giving borrowers the right to sue to block foreclosures or recover losses when banks violate the law in more than just a trivial way. Although lenders need to be able to foreclose expeditiously on borrowers who can't afford even

a modified loan, they shouldn't be able to run roughshod over borrowers' rights in the process. The February settlement provides no remedies for individual borrowers whose lenders violate the new safeguards; Harris' proposals would fill that gap.

After Republicans and some Democrats on the Assembly and Senate banking committees balked at the bills, Democratic leaders convened a conference committee last month to consider the measures. Members of that group should make sure that the bills wouldn't encourage more defaults or enable borrowers to hold on to homes they can't possibly afford. But they should also extend the protections in the national settlement to all California borrowers, permanently, with an effective means to enforce them.

# LA Times

## California foreclosure relief bills take an unusual route

By Marc Lifsher - April 27, 2012

SACRAMENTO -- Democrats in the state Legislature are trying to do an end run around opponents of controversial mortgage foreclosure relief bills.

They sent the bills, which would beef up homeowners' legal rights during foreclosure proceedings, to a two-house conference committee rather than risk not getting enough votes to pass the Senate and Assembly banking committees. It's an unusual move this early in the session.

The bills are opposed by mortgage bankers and the business community in general. A number of business-friendly, so-called moderate Democrats voted against similar proposals during the last two legislative sessions, despite record numbers of foreclosures in California.

The California Chamber of Commerce says passage of the legislation would further depress property values and "dry up credit for consumers by forestalling legitimate foreclosure proceedings against delinquent borrowers."

The conference committee, made up of three members from each of the two houses, is expected to start the hearing as early as next week. Such a committee can be convened only with the approval of the Senate president pro tem and Assembly speaker.

The bills were scheduled to be heard in the Assembly last Monday but were pulled from the committee file at the last minute. A similar hearing in the Senate also was canceled later in the week.

Two of the bills, AB 1602 by Assemblyman Mike Eng (D-Monterey Park) and SB 1470 by Sen. Mark Leno (D-San Francisco), would prohibit a lender from declaring a default at the same time that the borrower is pursuing a modification to make the loan easier to pay down.

Another pair of bills, AB 2425 by Assemblywoman Holly Mitchell (D-Los Angeles) and Sen. Mark DeSaulnier (D-Concord), would require lenders to provide borrowers with a single contact person during foreclosure proceedings and would allow homeowners to sue for damages from an unlawful foreclosure process.

According to Senate President Pro Tem Darrell Steinberg (D-Sacramento), the conference committee is the best way to "expeditiously" negotiate reforms that could win passage from a majority of lawmakers, possibly over the next few weeks.

By going the conference committee route, Steinberg and Assembly Speaker John Perez (D-Los Angeles) can bypass routine committee hearings, where the bills could be killed, and send them directly to the floors of the Assembly and Senate for final votes.

The four bills are the most contentious elements of a legislative package called the Homeowner Bill of Rights, which is being sponsored by California Atty. Gen. Kamala D. Harris.

The bill of rights, Harris said, is meant to write into California law and broaden the effect of a nationwide foreclosure legal settlement that is projected to provide up to \$18 billion in financial assistance to California homeowners.

"There are more than 500,000 California homeowners in the foreclosure pipeline, and securing them the protections of the Homeowner Bill of Rights is my central concern," Harris said. "I am sure these reforms will receive thoughtful attention and discussion in the legislative conference committee."

## **SF Chronicle Editorial**

### **Homeowners Bill of Rights faces stiff fight**

Sunday, April 22, 2012

A half million California homeowners are still mired in foreclosures four years after the housing bubble burst. Some have only themselves to blame, paying more than they could afford. But others want a fighting chance to dig out, a task made nearly impossible by murky rules exploited by lenders.

Sacramento could improve the odds in a package of laws dubbed the Homeowners Bill of Rights pushed by Attorney General Kamala Harris. But the Legislature must first find the nerve to approve the measures opposed by a financial industry determined to keep the deck stacked in its favor.

Last week, the Assembly Banking Committee delayed two of the most important measures. The delay came after lobbying from the financial industry, which has fought off similar controls twice in the last two years. But Harris' team is determined to continue negotiating in hopes of finding a solution - and legislators strong enough to cast a vote for foreclosure victims.

The proposals follow a \$25 billion national settlement with five major banks. Harris, who stood strong against pressure for a lesser deal, wants to extend the terms across the home loan landscape in California beyond the three-year life of the national agreement.

She and other like-minded Democratic legislators have run into trouble. Lobbyists for the banking and mortgage industries say that key elements invite lawsuits while other parts are so onerous that new lending will dry up. Push too hard and the loan money needed to revive the state's housing industry will vanish, this side argues.

But it's pure spin, designed to appeal to business-friendly Democratic moderates, a centrist group needed to provide a winning margin. In fact, the laws won't open the floodgates for wide-ranging class-action lawsuits and will allow individual lawsuits only as a last resort or when loan laws are violated. Today, homeowners with heavy mortgages and foreclosure deadlines don't have a chance to hire a lawyer - an advantage that lenders know all too well.

The homeowner reforms should have beneficial impacts in area's hardest hit by the housing fall-off such as the Central Valley and Southern California. But the abuses also

exist in San Francisco. A report in February by assessor-recorder Phil Ting found that 84 percent of foreclosed loans contained legal errors, the kind that Harris' measures would help catch.

It's time to fix foreclosure abuses, keep creditworthy families in their homes and revive the state's economy.

### **The foreclosure fight**

Attorney General Kamala Harris is pushing a half-dozen measures known as the Homeowners Bill of Rights in response to an estimated 500,000 residents in the foreclosure pipeline. Opposition from banking and mortgage industries has stalled the two most important bills. Here are the proposals and key friction points:

-- An end to so-called dual track procedures that allow lenders to foreclose on a loan while a homeowner negotiates a new one. Lenders say the unpopular practice is often needed and barring it will scare away new loan money.

-- A rule giving homeowners a single contact person to handle the confusing, paper-heavy search for a new loan. The bill adds legal grounds to sue over "robosigning" or paperwork incorrectly done. Bankers say the law invites lawsuit abuse and will further dry up loan funds.

-- Other changes are less controversial. These measures allow cities to control blight linked to foreclosure, give more notice to tenants when a landlord loses ownership, put a \$25 fee on loan defaults to fund a fraud task force and set up a statewide grand jury to consider multi-county cases. These measures have cleared first-stop legislative committees.

# La Opinion: Ayudar a los propietarios

04/20/2012

California es uno de los estados más afectados por la crisis hipotecaria que está conduciendo al embargo de cientos de miles de propietarios. Es necesario ayudarlos con los mecanismos básicos establecidos en el acuerdo entre 48 fiscales estatales y cinco gigantes de la industria bancaria.

Sin embargo, el paquete legislativo que la fiscal estatal Kamala Harris presentó esta semana para implementar el acuerdo enfrentó serios obstáculos por parte de la bancada republicana y de demócratas cercanos a la industria bancaria.

Este sector se opone a los proyectos de ley aduciendo que Harris aprovechó el momento para ampliar la regulación. Dicen que las medidas elevarán el costo de los préstamos, permitirán más demandas y establecerán como permanentes las cláusulas de un acuerdo que tiene tres años de vida. La industria considera innecesarias las leyes permanentes para solucionar lo que entiende como abusos temporales del sistema.

En el pasado, este tipo de medida fue bloqueada, especialmente por el senador Juan Vargas (D-San Diego), quien preside el Comité de Bancos e Instituciones Financieras. En esta oportunidad se intentó hacer lo mismo, incluso cuando los proyectos de ley implementaron un acuerdo con una parte del sector bancario principalmente por aprobar embargos sin haber revisado adecuadamente la documentación.

Ante este panorama, los demócratas del Senado realizaron una maniobra parlamentaria para permitir el avance del paquete legislativo sin tener que pasar por comités legislativos.

La necesidad de estas leyes es urgente. Se estima que en California hay medio millón de propiedades que están en proceso de ser embargadas y que otro medio millón de propietarios entrarán en problemas en los próximos 18 meses. Harris calculó que el año pasado en el condado de Los Ángeles se realizaron 65 mil embargos, o sea, uno de cada 22 hogares estaba en ese proceso. Al mismo tiempo, los latinos han sido los más perjudicados en California, ya que los préstamos de alto riesgo estuvieron dirigidos especialmente a este mercado.

Este paquete legislativo debe ser aprobado cuanto antes. Es loable el compromiso mostrado por el liderazgo del Senado de buscar opciones al bloqueo incluso por legisladores del mismo partido.

Los propietarios de hoy necesitan ayuda y los de mañana protecciones para evitar una repetición de la crisis. La economía estatal será la más beneficiada.

## **La Opinion: Helping homeowners**

4/20/2012

California is one of the hardest hit by the mortgage crisis that is leading to hundreds of thousands of homeowners having their homes foreclosed. It is necessary to help them through basic mechanisms established in a settlement between 48 state attorneys general and five banking industry giants.

However, the legislative package Attorney General Kamala Harris presented this week to implement the settlement faced serious obstacles from the GOP caucus and Democrats with ties to the banking industry.

These groups oppose the bills, claiming that Harris took advantage of the situation to expand the regulation. They say the measures will increase the cost of borrowing, allow more lawsuits and permanently establish the clauses of a three-year settlement. The industry thinks permanent laws to resolve what they say were temporary abuses of the system are unnecessary.

In the past, these types of measures have been blocked, especially by Senator Juan Vargas (D-San Diego), who chairs the Banking and Financial Institutions Committee. This time, lawmakers tried to do the same, even when the bills implement a settlement made with members of the banking industry, mainly because they approved foreclosures without properly reviewing the documentation..

Given the outlook, Senate Democrats implemented a parliamentary maneuver to allow the bill package to move forward without having to go through legislative committees.

These laws are urgently needed. Estimates show that in California, half a million properties are in foreclosure proceedings and another half a million homeowners will be at risk in the next 18 months. Harris estimated that last year, there were 65,000 foreclosures in Los Angeles County, meaning 1 out of every 22 homes was in foreclosure. At the same time, Latinos have been the hardest hit in California, since many high-risk mortgages targeted this market.

This bill package must be approved right away. The commitment Senate leaders showed in seeking options to the obstruction, even by their own party's lawmakers, deserves praise.

Today's homeowners need help and tomorrow's homeowners need protections to avoid a recurrence of the crisis. The state's economy will benefit the most from this.

# Dan Morain: A lesson in banks and power in the Assembly

**Sacramento Bee** PUBLISHED WEDNESDAY, APR. 18, 2012

Darryl Davis' problems began when his wife, Nancy, an attorney, was pregnant with their second son, and was diagnosed with breast cancer.

Nancy died four years ago at age 43. Left to care for his two little boys, Davis lost his job as a legal secretary and fell behind on his mortgage payments. In 2009, he called his lender, Bank of America.

So began a new nightmare, although, he said, "It wasn't as bad as the process of my wife becoming sick and passing."

Davis' home is in San Francisco, but not one of the swanky parts. It has three bedrooms and one and a half baths, and is one of the faux Mediterranean houses built in the middle of the last century at the south end of the city.

I met him and his sons Julian, 5, and Drew, 7, in the Capitol outside the Assembly Banking and Finance Committee on Monday. He had dressed the boys in their Sunday best. Each wore ties, as did he. He came to Sacramento to testify on behalf of legislation that might have helped him avoid his foreclosure odyssey.

Once here, he saw firsthand what insiders know. Banks and their allies don't often lose before the banking committee.

As Davis and his sons arrived, Assemblyman Mike Eng, the banking committee chairman, announced he was postponing consideration of the legislation. The Senate banking committee was supposed to take up identical bills today, but it too delayed its hearing.

"I just want to make sure we have the best bill possible," Eng told me later.

Davis and various activists engaged in the housing issue, most of them from the Bay Area, had come to the Assembly committee in support of Attorney General Kamala Harris, who had proposed the legislation.

"Am I surprised? No. There is very little that surprises me," Harris said after the postponement.

One of Harris' bills seeks to prevent banks from foreclosing on homeowners when they are trying to modify terms of their loan. The other would require lenders to provide a single officer who would be the contact for homeowners in distress.

Davis' story is an all-too-common story. He would talk by phone to one loan officer on one day, and couldn't find that same person the next day. He would fax papers that bankers requested, and papers would get lost.

Last year, as he was trying to get a reduced payment, the bank sent him a notice, on a Friday, that his house was about to be sold at auction. He tried to stop it but the sale went through.

Davis later got the sale rescinded, thanks to help from a nonprofit, Mission Economic Development Association. The mortgage payment, with taxes and insurance, had been \$2,900. Now the payment is \$1,900. He scrapes up enough by using his disability check and his sons' Social Security benefits.

The numbers are staggering, though familiar. The number of foreclosures in California could hit 2 million by the end of the year.

Here are other numbers that also are staggering, though less familiar. Altogether, the named opponents of the main legislation pushed by Harris spent \$33.3 million on lobbying in the five years between 2007 and 2011.

Big banks aren't formally opposed to the bills. They're operating through the California Chamber of Commerce and the California Bankers Association. But four of the large banks – BofA, Wells Fargo, J.P. Morgan and Citigroup – spent an additional \$5.6 million to lobby California lawmakers during that five-year period, their public lobby reports show.

The main opponents of the legislation, plus the banks, have spent no less than \$52.8 million on legislative and statewide races, and political parties since 2000, not including additional millions spent on ballot measures, campaign finance reports show. Most telling, opponents have spent \$1.2 million to help elect current members of the Senate and Assembly banking committees since 2008.

Certainly, supporters of the legislation of Harris' bills have clout, particularly organized labor. But Harris' bills directly challenge lenders on their turf.

"I'm not going to believe what I've been told, which is that you want to fix rules around banking and there is a powerful banking lobby that is going to kill it," said Harris, the first-term attorney general who is in her first serious legislative fight.

Eng, a Democrat from the Los Angeles suburb of Monterey Park, said he delayed the hearing in part because he wants the process to be "as inclusive as possible," and hasn't had time to meet with all the groups and individuals who are interested in the bills.

He wouldn't identify those groups and individuals. My guess is Darryl Davis is not among them. If Eng had wanted to hear from Davis, he could have held the hearing on Monday.

## **Fresno Bee**

### **EDITORIAL: Growing home foreclosures need swift action**

Tuesday, Apr. 17, 2012

Four years after the housing bubble burst, the state Legislature finally is ready to consider significant homeowner protections.

California Attorney General Kamala Harris is pushing several of the bills, which are already facing their first hearings. The activity comes in the aftermath of a \$25 billion settlement struck by state attorneys general with five major lenders.

The legislation would extend provisions of the settlement to other home lenders and make permanent aspects of the settlement that otherwise would expire in three years.

Activity and interest are good. Frenzy is not. Legislators are stepping into a highly complex area. Some banking representatives warn that lending could dry up if lawmakers overreach.

There are fundamental issues of fairness. One bill would take the simple step of requiring that foreclosure documents be available in the borrower's native language.

Among the more far-reaching measures are Senate and Assembly bills that would delay lenders from foreclosing on homeowners who are trying to get their loan modified to lower their monthly payments.

Other measures would grant greater due process to homeowners, while also giving them broader rights to sue over improper foreclosure, and give rights to tenants who lease property that is foreclosed upon.

These are broad descriptions, and the details get complicated.

Harris is seeking greater authority to convene criminal grand juries to investigate and indict bad lenders. Another bill would ensure that people in distress could have a single point of contact, so they don't get shuffled from one bank officer to another. Large banks can provide such services far more readily than small credit unions.

Harris is staking her reputation in no small part on the success of her efforts on behalf of underwater homeowners. It's a risk, but one that she has to take. The crisis is all too real. The number of foreclosures in California is expected to reach 2 million by the end of the year.

In the past, legislative banking committees blocked important consumer protection legislation. The nationwide settlement should provide legislators with the momentum and fortitude necessary to provide new protections.

Los Angeles Daily News

## **Editorial: Helping homeowners -- State Senate banking panel should approve bill of rights**

Posted: 04/17/2012

Helping homeowners

State Senate banking panel should approve bill of rights

Southern California might be known as the car-obsessed culture, but for most of us, our homes come first. It's an understandable priority, considering the investment Californians have to make relative to the rest of country.

Home prices in California -- especially those in the 20-mile wide stretch of Southern California coastline from Santa Barbara to San Diego -- are among the highest in the nation even after losing so much value in the past few years.

That's why it is so important that the state Legislature pass the California Homeowner Bill of Rights. The package of bills faces its first hurdle today when it comes up for a crucial vote in the Senate Banking Committee.

Attorney General Kamala Harris' package of bills would attack a whole range of problems, giving borrowers recourse when lenders act illegally and forcing banks to maintain foreclosed homes. This is important not just for struggling homeowners, but also their neighbors. Foreclosed homes that have been allowed to deteriorate have dragged down values in whole neighborhoods.

The legislation stemmed from investigations of shady practices by lenders that the Attorney General's Office saw over and over in recent years, according to Harris.

One of the bills would end the dual-track treatment that banks have used to continue foreclosure proceedings while they're ostensibly working with homeowners on a loan adjustment. In those cases, the unexpected foreclosure notice has been heartbreaking.

Harris wrote in an op-ed piece (which readers can find online at [dailynews.com/opinions](http://dailynews.com/opinions)) that Los Angeles County has been hard hit.

"Last year, in Los Angeles County alone, there were more than 65,000 foreclosures -- 1 out of every 22 homes was in the foreclosure process. Today, more than half a million California families find themselves in the foreclosure pipeline," she wrote.

The bills have broad support in both houses. But first they've got to get through the Senate Banking Committee committee.

That many not be easy because the committee is chaired by state Sen. Juan Vargas, D-San Diego, who kept the legislation from advancing last year. He has received nearly \$100,000 in campaign contributions from the mortgage industry, according to the Courage Campaign, an online advocacy group.

Vargas is running for Congress this year, so he may be more beholden to voters than to his benefactors. That's the best hope for the multitude of homeowners still underwater in California. And for their neighbors.

# The future of foreclosures

Editorial: Los Angeles Times

*This week, state lawmakers are set to take up a series of mortgage-related bills backed by Atty. Gen. Kamala Harris.*

**April 16, 2012**

It's been five years since the housing bubble burst, yet hundreds of thousands of California homeowners remain in default and en route to foreclosure. Some of these troubled borrowers will benefit from new consumer protections included in a nationwide settlement that five major banks agreed to in February, including a requirement that foreclosure proceedings wait until the bank considers a modified mortgage that would be less costly to borrower and lender alike. Those protections, however, extend no further than the five banks and the loans they service. This week, state lawmakers are set to take up a series of mortgage-related bills backed by Atty. Gen. Kamala Harris, beginning with a measure (AB 1602) to enshrine the national settlement's safeguards into California law and apply them to all borrowers in the state. Also included in the package are proposals to improve lenders' record keeping and extend the statute of limitations for prosecuting certain mortgage-related crimes.

The measures are sensible and important, yet they're running into resistance from bank lobbyists. One of the main complaints is that some of the bills would encourage defaulting borrowers to file lawsuits to drag out the foreclosure process, even if they have no intention or ability to keep their homes.

Complaints about potentially abusive lawsuits would be more persuasive if they weren't coming from an industry whose companies foreclosed on properties despite falsified court affidavits (by "robo-signing" documents) and serious discrepancies in the ownership records. Nevertheless, to minimize the risk of spurious claims and delaying tactics, sponsors have amended the legislation to significantly narrow individuals' right to sue. Borrowers also would be deterred from making multiple spurious applications for mortgage modifications.

Ultimately, many foreclosures simply can't be averted. Some borrowers took on too much risk, and the recession cut other borrowers' income so substantially that they can no longer afford their homes. But lenders, overwhelmed by the number of borrowers who ran into financial trouble, took procedural shortcuts that led them to foreclose on many borrowers who could have been rescued with a less costly mortgage modification. The bills Harris has sponsored would provide more protection against abuses and errors in the foreclosure process and promote mortgage modifications without requiring lenders to do anything that's not in their financial interests. That's hardly too much to ask.

Merced Sun-Star

## **Our View: Relief brought by foreclosure bills welcome**

Monday, Apr. 16, 2012

Many proposals are being refined, but hopefully not defanged

Four years after the housing bubble burst, the California Legislature seems poised to push through significant homeowner protections.

It's about time.

California Attorney General Kamala Harris is the driving force behind several of the bills, which are scheduled to face their first hearings today and Tuesday. The flurry of activity comes in the aftermath of a \$25 billion settlement struck earlier this year by state attorneys general with five major lenders.

In general, the legislation would extend provisions of the settlement to other home lenders and make permanent aspects of the settlement that otherwise would expire in three years.

Activity and interest are good. Frenzy is not. Legislators are stepping into a highly complex area. Some banking representatives warn that lending could dry up if lawmakers overreach. Gov. Jerry Brown's administration should engage in the process to help shape the legislation.

That said, there are fundamental issues of fairness. One bill by Assemblyman Mike Feuer, D-Los Angeles, would take the simple step of requiring that foreclosure documents be available in the borrowers' native language.

Among the more far-reaching measures are Senate and Assembly bills that would delay lenders from foreclosing on homeowners who are trying to get their loan modified to lower their monthly payments.

Other measures would grant greater due process of homeowners, while also giving them broader rights to sue over improper foreclosure, and give greater rights to tenants who lease property that is foreclosed upon.

These are broad descriptions. The details get complicated quickly. What exactly would constitute a violation that could result in a suit? What if a tenant is a friend of the homeowner whose rent is significantly below market rates?

Harris is seeking greater authority to convene a criminal grand jury to investigate and indict bad lenders. Another bill would ensure that people in distress could have a single point of contact, so they don't get shuffled from one bank officer to another. Large banks no doubt can provide such services far more readily than local credit unions.

Issues to be debated include whether protections should extend to people who obtained jumbo loans, own homes as investments, or engage in strategic default, in which they walk away from homes whose value has plummeted.

People in those positions are fundamentally different from struggling middle class people who are facing foreclosure because they've lost a job or cannot pay for some other reason beyond their control.

Harris is staking her reputation in no small part on the success of her efforts on behalf of underwater homeowners. It's a risk, but one that she has no choice but to take. The crisis is all too real. The number of foreclosures in California is expected to reach 2 million by the end of the year.

A recent analysis by the California Reinvestment Coalition and Alliance of Californians for Community Empowerment showed that five cities -- Los Angeles, San Jose, San Francisco, Oakland and Sacramento -- have lost \$841 million in property tax revenue as a result of housing bust. That loss affects everyone, not merely people who have lost their homes or who owe more than their homes are worth.

In the past, banking committees in both houses were the final resting places of important consumer protection legislation. The nationwide settlement should provide legislators with momentum and fortitude necessary to provide new protections.

Many of the bills were amended extensively last week. All are works in progress. That is fine. Legislators are supposed to refine proposals. They should not defang them.

## **Kamala D. Harris oped: California needs a Homeowner Bill of Rights**

*Los Angeles Daily News*

By Kamala D. Harris

Posted: 04/16/2012

I remember how proud my mother was when, after years of saving, she was finally able to buy our family a home. It gave her a safe place to raise her children and let all of us own a small piece of the American dream.

But for so many Californians, the dream is slipping away. Last year, in Los Angeles County alone, there were more than 65,000 foreclosures - 1 out of every 22 homes was in the foreclosure process. Today, more than half a million California families find themselves in the foreclosure pipeline. And, for the last several years, they've faced foreclosure with the odds stacked against them.

In the last year, my office has investigated the mortgage lending and servicing industry. Over and over, we've seen a few dubious practices that are harming struggling homeowners.

These include the "dual track" system under which a homeowner pays the banks thousands of dollars towards a loan modification to save her home and the bank forecloses upon her anyway with little or no notice. And the countless homeowners who apply to their lenders in good faith for assistance, but are pitched into a cycle of repeatedly explaining their situation to various bank representatives and repeatedly faxing mountains of the same paperwork over and over again.

It is time to put an end to this unfair system and the unfair practices that perpetuate it. That is why I am sponsoring the California Homeowner Bill of Rights, six bills designed to give Californians a fair opportunity to work with their banks, modify their loans, and keep their homes. And I am calling on our legislators in Sacramento to pass these common-sense reforms.

Some of these reforms are so basic that they're beyond reasonable dispute.

For example, the Homeowner Bill of Rights requires banks to provide homeowners with a single point of contact during the loan modification process. There should be one person designated to know the facts of a homeowner's situation, with access to their paperwork and the ability to make decisions.

We also need to end the inherently unfair practice of "dual track" foreclosures. Last year, I met a homeowner named Darryl whose story about being on the dual-track I've heard repeated countless times in communities across the state.

Darryl is a widower and father of two young children, and he had been working with his bank for months on a loan modification. Then, one morning, he was informed his house would be sold at

auktion that very same day. Daryl stood on the courthouse steps and pleaded with strangers not to buy his home. Through a bit of luck and a lot of persistence, he was able to save his family's home.

It shouldn't be a matter of luck. It should be the law of our state that homeowners get treated fairly. From Burbank to Baldwin Park, from Pacoima to Pomona, families and neighborhoods continue to suffer because our state lacks adequate protections for those trying to save their homes.

But we need to do more than level the playing field for homeowners. We need to hold accountable the predators who prey on them. This legislation will strengthen our investigations, increase funding for our white-collar prosecutors who investigate mortgage fraud, and give the California Department of Justice statewide grand jury powers that will make major fraud investigations more efficient and effective.

The nation's five largest banks, which hold 28 percent of mortgages in California, have already agreed to adhere to many of these reforms. What many people don't realize, though, is that the agreement expires after three years.

That's why this week is so important, as legislative committees begin to vote on the Homeowner Bill of Rights.

They have the opportunity to make these common-sense protections permanent and available to every homeowner. Some say it can't be done, and point to the fact that special interests defeated reform each of the last two years. But I don't agree. After the excesses and unfair practices we've seen the last two years, after all of the foreclosures and homes lost, I believe the evidence is in and the time is now for us to make reform real.

*Kamala D. Harris is California's Attorney General.*

# **Mercury News editorial: California should pass Homeowner Rights protections**

Mercury News Editorial

04/13/2012

The California Homeowner Bill of Rights that the Rev. Eduardo Samaniego wrote about in Sunday's paper -- see the link from [www.mercurynews.com/opinion](http://www.mercurynews.com/opinion) -- is coming up for a crucial vote Wednesday in the Senate Banking Committee.

All eyes now are on state Sen. Juan Vargas, D-San Diego, chairman of the committee, who kept the legislation from advancing last year and who has received nearly \$100,000 in campaign contributions from the mortgage industry, according to the Courage Campaign, an online advocacy group.

Attorney General Kamala Harris' package of bills would attack a whole range of problems, giving borrowers recourse when lenders act illegally and forcing banks to maintain foreclosed homes, which have dragged down values in whole neighborhoods. One bill would end the dual-track treatment that banks have used to continue foreclosure proceedings while they're ostensibly working with homeowners on a loan adjustment. In those cases, the unexpected foreclosure notice has been heartbreaking.

The bills have broad support in both houses. But first they've got to get through Vargas' committee.

Vargas is running for Congress this year, so he may be more beholden to voters than to his benefactors. That's the best hope for the multitude of homeowners still underwater in California. And for their neighbors.

## Foreclosure bills will get legislative hearings

By DON THOMPSON, Associated Press

Thursday, April 19, 2012

The Legislature started moving ahead Thursday with bills intended to protect homeowners in the foreclosure process, setting up a potential showdown between the state attorney general and mortgage lenders.

Among the changes sought by Attorney General Kamala Harris is one that would allow homeowners to challenge foreclosure proceedings in court, a step the state banking association says would reward delinquent borrowers.

Harris also wants to write into state law some of the temporary provisions of a nationwide mortgage settlement she helped negotiate with the nation's top five banks in February. They would ban "dual-track foreclosures" by prohibiting lenders from filing notices of default while they also are considering alternatives to foreclosures. Banks also would be prohibited from approving foreclosures without properly reviewing the documentation, a process known as "robo-signing."

Over Republicans' objections, the Senate approved an Assembly bill that will be used to create a conference committee to advance the major bills sought by Harris.

Seven of the bills in what Harris is calling her Homeowners Bill of Rights package cleared their first committees this week. But the measures most opposed by the lending industry were never considered in either chamber's banking committee because they lacked support from Republicans and business-oriented Democrats.

Organizations representing lenders and businesses objected that her bills would expand state law beyond the provisions in the national banking settlement, which will expire in three years. They contend that Harris is seeking to address with permanent legislation problems that lenders say were temporary abuses of the system.

Among the other provisions in Harris' bills are requirements that lenders prove to homeowners that they have a right to foreclose on the property before continuing. The state would also create a new Office of Homeowner Protection to aid borrowers.

She also proposes to increase borrowers' due process rights. Lenders would have to provide a single point of contact starting on July 1, 2013, for borrowers who want to discuss foreclosures or refinancing.

Banking and business groups said in a letter to lawmakers last week that the measures, particularly the provision letting individual borrowers go to court, would slow the state's economic and housing market recovery. What are intended by Harris as homeowner protections would "result in a de facto moratorium on foreclosures," the California Bankers Association said.

Harris and her staff declined comment as they left the private office of Senate President Pro Tem Darrell Steinberg shortly after the vote.

"What we need is real action for people who aren't thinking about conference committees versus standing committees. They want the state to pass the laws that provide them with real relief and allow them to stay in their homes," Steinberg, D-Sacramento, said in an interview after the Senate's procedural sidestep.

"We've had several years of failed attempts to enact these important protections but this year is different because we have the (national bank) settlement," added his spokeswoman, Alicia Trost.

Republicans who object to the provisions in the stalled legislation tried without success to block the bill.

Sen. Sam Blakeslee, R-San Luis Obispo, vice chairman of the Senate Banking Committee, said the move disempowers moderate Democrats on the banking committees who had sided with Republicans in objecting to Harris' bills.

"It really raises serious questions about to what lengths this body will go to jam through legislation," Blakeslee said.

# Attorney General Wants Stronger Mortgage Protection

By DON THOMPSON

Associated Press 04/15/2012

SACRAMENTO — California's attorney general is seeking to build on a recent nationwide bank settlement over home foreclosures by lobbying state lawmakers to advance a package of mortgage-protection bills, which faces critical tests in legislative committees this week.

The proposals by Attorney General Kamala Harris would provide additional safeguards for homeowners while giving her office more freedom to investigate financial crimes.

Harris, a Democrat, has made combating mortgage fraud and protecting homeowners a centerpiece of her 16 months in office. She was instrumental in negotiating a settlement with the nation's top five banks in February that will bring \$18 billion in relief to California, one of the states hardest hit by the mortgage crisis.

More than 500,000 Californians have lost their homes to foreclosure since 2008, more than in any other state.

Her 11-bill package would ban some of the worst practices that contributed to the housing crisis. It would write the terms of the national agreement into state law and apply them to every lender.

"A lot of the reform that we're talking about was agreed to by the banks in the national foreclosure settlement, but it only has a life of three years," Harris said in a telephone interview. "Let's not go back to the days of robo-signing. Let's not go back to the days of having dual-track systems that confuse and kind of handicap people. Let's learn from our mistakes."

She plans to testify before legislative banking committees Monday and Wednesday as she promotes what she is calling the California Homeowner Bill of Rights. Other bills in the package also face their first committee hearings this week.

The banking industry is opposing the key elements in Harris' proposals, including her core legislation to increase homeowners' due process rights and to expand terms of the national settlement for all California homeowners.

The industry particularly objects to letting individual borrowers go to court if they feel they have been wronged. Allowing that would "result in a de facto moratorium on foreclosures," the California Bankers Association said in a statement last week.

Letting borrowers sue to halt foreclosures could "unduly delay the inevitable" and result in some homeowners being awarded monetary damages when they suffered no real financial harm.

"This just allows for an excess of litigation that is just going to stall progress in California and stall the housing recovery," said Dustin Hobbs, spokesman for the California Mortgage Bankers Association. "You can guarantee that future loans would be expensive, more expensive than they are now. For some homeowners, that will price them out of the market."

Harris responded that if lenders act properly to begin with, delinquent borrowers won't be able to block a lawful foreclosure.

"Robo-signing certainly expedited things — that was the problem. ... There were homes that were foreclosed on that shouldn't have been," she said.

Although she has the backing of Democratic leaders who control the Senate and Assembly, previous efforts to reform the mortgage industry have failed in the Legislature or been rendered toothless.

Enactment of the bills cannot come too soon for Ethan Hoff.

The 63-year-old retired in 2010 after 34 years as a Sacramento-area school teacher and administrator. He soon had to go back to work when his wife became disabled and her small business failed. He applied in August for a mortgage modification program offered by his lender, Wells Fargo, after he fell behind on the property taxes he owes on his home in the Sacramento suburb of Carmichael.

"I've had to deal with 25 different people and I've made over 51 calls and sent over 22 faxes," Hoff said. "My frustration is, every time I call I get a different person."

Hoff plans to testify in favor of a bill that would require lenders to provide a single point of contact for borrowers who want to discuss foreclosures or refinancing. Wells Fargo provided a single contact to Hoff, but he said the employee is never available.

"I suspect that most people give up on this process because they make it so difficult," Hoff said. "The banks say they want to work with customers, but I just don't see that."

Wells Fargo spokeswoman Vickee Adams did not return two telephone messages left with her assistant.

The 11 bills in the package address six separate proposals. Five are contained in duplicate Assembly and Senate bills. The package includes:

- AB1602 and SB1470, which would extend to all California homeowners many of the protections contained in the national banking settlement. They would address the practice known as a "dual-track foreclosure" by prohibiting lenders from filing notices of default while they are also considering alternatives to foreclosures. The bills also would require lenders to prove to homeowners that they have a right to foreclose on the property and would create a new Office of Homeowner Protection to aid borrowers. Banking associations are opposed.

- AB2425 and SB1471, which would increase borrowers' due process rights. They would require lenders to provide a single point of contact starting on July 1, 2013, for borrowers who want to discuss foreclosures or refinancing. The bills would increase penalties for banks that sign off on foreclosures without properly reviewing the documentation, a process known as robo-signing. Also, borrowers could act on their own to challenge foreclosure proceedings in court. Banking associations are opposed.

- AB2314 and SB1472, which would give cities more ability to fight neighborhood blight from vacant houses. The measures increase penalties against the owners of the blighted properties and let local governments charge the owners for the cost of cleaning up the properties. Banking and mortgage groups oppose the penalty increases.

- AB2610 and SB1473, which would give renters more notice before they have to vacate a foreclosed home. Banking and mortgage associations want more limits on which renters would qualify and how long the restrictions would be in effect.

— AB1763 and SB1474, which would allow the attorney general to convene a special grand jury to investigate financial crimes that cross county lines and involve multiple victims. Banking organizations have taken no position.

— AB1950, which would give prosecutors four years to bring charges in foreclosure-related crimes, up from the current one year. The bill also would impose a \$25 fee on each notice of default filed by a lender, with the money going to the attorney general's office for investigation of mortgage-related crimes. Banking and mortgage associations oppose what they say would be a new \$25 tax.

# Bakersfield Californian

Thursday, Feb 09 2012 11:08 PM

## **OUR VIEW: California was right to hold out for this deal**

She initially held out, but California Attorney General Kamala Harris was right to accept the \$26 billion multistate settlement signed Thursday with the five major U.S. banks over foreclosure abuse. The settlement, the largest of its kind since the 1998 tobacco agreement, will provide direct relief to homeowners in the form of principal reduction, refinancing and compensation for those who lost homes to foreclosure. Approximately \$375 million is slated for Kern County homeowners. The program may also be expanded to include nine other mortgage servicers, boosting the total to \$30 billion. Finally we have some meaningful relief for homeowners who've suffered from the housing calamity that began four years ago.

Harris had previously pulled out of the talks, along with New York's attorney general, and doing so seems to have paid off. In its initial form, the settlement figure was \$20 billion (of which a paltry \$4 billion would go to California) in exchange for almost blanket immunity for the banks from other lawsuits related to the mortgage crisis.

But under the agreement signed this week, California will see roughly \$18 billion and banks will not enjoy immunity. Nor should they. Though the legal pact represents a major step forward in holding banks accountable for the housing crisis, and it aids consumers, it's just the beginning. Financial wrongs still must be exposed.

The settlement also includes reforms aimed at improving customer service for homeowners seeking help, including providing a single point of contact for borrowers seeking loan modifications, prohibitions on "robo-signing" and adequate staffing to handle customer inquiries. Banks will face stiff penalties for not complying with all settlement terms.

Experts correctly note that the settlement is not a panacea for the lagging housing market or for struggling homeowners. Under its provisions, underwater homeowners could get up to \$20,000 in principal reduction and can refinance more easily. Those who lost homes to foreclosure in the last three years will get a \$2,000 check. A couple of thousand dollars is probably too little too late for families that lost homes and life savings through foreclosures, and the average negative equity on underwater homes is \$50,000. And the banks named in the settlement only service about half the nation's mortgages; those owned by Fannie Mae and Freddie Mac are not covered under the deal. The states in the settlement waive any further right to sue over claims stemming from the origination or servicing of the loans in question.

But as we've expressed before, by holding out on the settlement and pursuing legal action against the banks on its own, California ran the risk of not seeing any financial relief for years to come, or at all. One thing we know is that help is needed now, not after the foreclosure crisis has passed. But we encourage Harris' office to continue its investigations of mortgage securities fraud and seek more concessions from the banks for the damage they've inflicted on the state's economy and homeowners.

We applaud Harris for standing up for Californians and fighting for a better settlement deal. It may not herald the end to our housing woes, but it's the most tangible relief yet provided to struggling homeowners. We hope it's just the beginning.

## **Merced Sun-Star**

Friday, Feb. 10, 2012

### **Our View: More mortgage relief needed**

**Attorney general does good job with separate deal, but only a third of loans affected.**

Millions of Americans owe more on their homes than their property is currently worth. For many of these "underwater" homeowners, Thursday's self-congratulatory announcement by federal and state officials of a \$25 billion settlement with big mortgage servicers probably sounded like too little, too late.

That \$25 billion pales in comparison with the \$700 billion in negative equity nationwide -- money that people owe on properties that are underwater.

Sure, some of these homeowners took reckless risks in borrowing. But is it too much to expect that, after a huge bailout of Wall Street and well-documented abuses by the financial industry nationwide, prosecutors couldn't secure more than the \$25 billion announced Thursday in the settlement with Bank of America Corp., JPMorgan Chase, Wells Fargo Co., Citigroup Inc and Ally Financial Inc.?

Homeowners can't be faulted for wishing the Obama administration and certain state prosecutors had been as aggressive as some in securing commitments and restitution from the banks. California Attorney General Kamala Harris, for instance, balked at a proposed settlement in September that, by her calculation, would have secured just \$4 billion for California.

By holding out, this new settlement includes a solid \$12 billion in principal reductions for California homeowners within three years, with strong incentives for banks to act on these reductions in the first year.

With the separate guarantee, the big five mortgage servicers will have incentives to quickly reduce the principal mortgage balance of homeowners in counties hardest hit by the housing meltdown.

Some \$368 million in benefits are expected to flow to homeowners in Stanislaus County; \$215 million to Merced County and \$595 million to San Joaquin County. Estimated amounts elsewhere come to \$3.92 billion for Los Angeles County; \$1.59 billion in Riverside County; and \$820 million in Sacramento County.

Clearly, Harris has much more work ahead to help distressed homeowners. This settlement affects one of every three mortgages in California, but far more mortgages are held by quasi-federal institutions, Fannie Mae and Freddie Mac.

Harris has sued Fannie and Freddie. Those agencies are headed by Edward DeMarco, acting director of the Federal Housing Finance Agency, who has been reluctant to reduce principal amounts for underwater homeowners.

Gov. Jerry Brown has called for President Barack Obama to replace DeMarco. Obama should take that advice. It would be one small but important step for the president to make good on promises to help millions of homeowners avoid foreclosure, stay in their homes and help rebuild their communities.